

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: February 26, 2002, Work Session		AGENDA ITEM NO.: 4
CONSENT:	REGULAR:	CLOSED SESSION:
ACTION: X	INFORMATION:	(Confidential)
ITEM TITLE: Low-Income Housing Tax Credits Projects		

RECOMMENDATION: Recommendations are included in the attached memorandum.

SUMMARY: The annual competition for Low-Income Housing Tax Credits is underway. The City Manager's Office has received letters seeking endorsement for four projects. Consistent with the procedure followed last year, the projects are being brought to Council for guidance.

Since the receipt of the letter seeking support, we have been advised that the Gold Leaf Senior Apartments proposed by Regency Investment Associates has been withdrawn from consideration.

PRIOR ACTION(S): None

FISCAL IMPACT: No direct impact. The long term impact of the City increasingly becoming the location of low-income housing for the region, while difficult to quantify, needs to be considered. Projects that support other Council goals, such as downtown revitalization or neighborhood preservation, could have a positive fiscal impact.

CONTACT(S): Kimball Payne, Rachel Flynn

ATTACHMENT(S): Project letters, staff memorandum.

REVIEWED BY:

The DEPARTMENT of COMMUNITY PLANNING & DEVELOPMENT
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To: City council
From: Rachel Flynn
Date: **02-02-2002**
cc: Kim Payne
re: Low-Income Housing Tax Credits

Applications to the Virginia Housing Development Authority (VHDA) for Low-Income Housing Tax Credits (LIHTC) are due March 15, 2002. The applications are accepted by VHDA on an annual basis and are then rated. Those applicants receiving the highest rating (points) are awarded the tax credits. To be competitive in an application, a letter of support from the local CEO (Kim Payne) is necessary. In addition, providing an ample number of units to those people in the lowest income brackets increases the number of points awarded. VI-IDA is limited in the number of applicants to which it can award tax credits – therefore the process is very competitive.

City Council has supported previous low-income housing applications for the following projects: Tinbridge Manor senior apartments by Regency Investment (construction completed), College Hill Homes by LNDF (construction underway), and the Covington Chase Senior Apartments on Hill Street by Covington Chase Limited Partnership (not constructed).

The following organizations will be submitting applications to VHDA and seek a letter of support from the City Manager.

1. Central City Homes by Lynchburg Neighborhood Development Foundation (LNDF) and Community Housing Partners Corporation:

30 units (70 bedrooms) in twelve scattered site houses located throughout College Hill, White Rock Hill, Lower Rivermont and Garland Hill. No age limit/100% low-income residents.

Staff recommends that Council submit a letter of support to the VI-IDA.

The project involves the restoration of historic blighted property throughout our center city neighborhoods. These areas are in need of reinvestment and strengthening, which staff believes this project will provide.

2. Covinmon Chase Senior Apartments by Covington Chase Limited Partnership of Glen Allen, VA

48 units (**76** bedrooms) in garden apartment buildings on Hill Street. Restricted to age 55 and older/100% low-income residents.

Staff recommends that Council not submit a letter of support to the VHDA.

The project is located across the street from Birchwood Apartments (a public housing project owned by the Lynchburg Redevelopment and Housing Authority) and the Hillcrest Senior Apartments (a HUD Section 8 project owned by a private company). The property that Covington Chase seeks to develop is zoned multi-family. However, the property has never been of interest to any market rate housing developers. The senior component of the Covington Chase proposal has some appeal because it would not jeopardize the stability of the neighborhood. However, staff questions whether new development is a wise strategy when our center city neighborhoods are struggling to save existing blighted neighborhoods. Too much supply and not enough demand may further challenge our center city.

3. Gold Leaf Senior Apartments by Regency Investment Associates of Richmond, VA

36 units (40 bedrooms) in the former Bowman and Moore Tobacco Warehouse at 1301 Main Street. Restricted to age 55 and older/100% low-income.

Staff recommends that Council not submit a letter of support to the VHDA.

The Downtown Master Plan recommends new market rate housing in the downtown to spur economic development and private investment. The Central Business District (CBD) currently has over 200 low-income housing units (i.e., the Virginian, the Arlington, the YWCA and the Gateway). This constitutes over 75% of the CBD housing stock and has contributed to the limited of market rate development in the downtown. The City's goal is to building market rate housing in the downtown (i.e., Riverviews) to provide a stable economic environment in which to initiate mixed-income housing opportunities in the future. This is the model that successful downtowns have followed, such as Charleston, SC. Staff discussed with Regency Investments other redevelopment opportunities in the center city, such as the former Craddock Terry Warehouse on Campbell Avenue, the historic warehouses on Kemper Street and Park Avenue, and the former New Land Industries Warehouse on Cabell Street.

4. The Bluffs at Tames Crossing by Artcraft Lynchburg, Limited Partnership of Glen Allen, VA

37 units (114 bedrooms) in detached rental single family houses on Longview Drive. The project is located adjacent to Jubilee Heights and is 100% low-income.

Staff recommends that Council not submit a letter of support to the VI-IDA.

The project is located in an area that Habitat for Humanity has recently developed. Habitat incorporates a "sweat equity" requirement by future property owners to ensure family investment in the home. This has resulted in a stable and successful neighborhood. The Bluffs at James Crossing will not require family sweat equity. The area is challenged with the neighboring Greenfield Apartments. While the recent change of ownership at Greenwood has resulted in improvements, it would be wise for the city to invest resources to ensure its success before creating more rental low-income housing in the area. In addition, the creation of the Bluffs could result in abandonment of existing housing stock in our center city rather than redevelopment of that same stock.